

## Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 ISO-00 STRE-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

AF-08 ARA-06 EA-07 NEA-10 IO-13 /136 W

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R 281230Z SEP 76

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 0529

INFO AMEMBASSY STOCKHOLM

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EO 11652: N/A

TAGS: ETRD, FI

SUBJECT: SPECIALTY STEEL IMPORT RELIEF PROGRAM AND FINNISH EXPORTS

REF: A) HELSINKI 1039, B) STATE 142766, C) STATE 144360

1. SUMMARY: MAJOR STAINLESS STEEL MILL OF FINNISH FIRM

OUTOKUMPU WILL COME ON STREAM SHORTLY, AND COMPANY OFFICIALS  
ARE INCREASINGLY VIGOROUS IN EXPRESSING CONCERN TO US ABOUT  
IMPACT OF PROGRAM. OUTOKUMPU'S PROJECTED EXPORTS TO US FAR  
EXCEED QUOTA LEVEL FOR "OTHER" SUPPLIERS OF SHEET AND STRIP.  
THIS MESSAGE REQUESTS ADDITIONAL INFORMATION ON CERTAIN  
ASPECTS OF THE SPECIALTY STEEL IMPORT RELIEF PROGRAM. END SUMMARY.

2. AS REPORTED REF A, STATE-OWNED OUTOKUMPU OY HAS PLANS  
FOR SIZEABLE EXPORTS SPECIALTY STEEL TO US BEGINNING MIDDLE  
NEXT YEAR. COLD-ROLLING STAINLESS STEEL MILL WILL BEGIN  
PRODUCTION LATE THIS YEAR. OUTOKUMPU'S PROJECTED EXPORTS  
TO US, DESCRIBED TO AMBASSADOR DENT HERE ON MAY 15 ARE:  
7/1 - 12/1, 1977    5,000 METRIC TONS

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1978        10,000 METRIC TONS

1979	15,000 METRIC TONS
1980	15,000 METRIC TONS

THESE QUANTITIES INCLUDE 10 PERCENT COLD-ROLLED STRIP AND 90 PERCENT ROLLED SHEET. EVEN IF THESE PROJECTIONS INFLATED FOR TACTICAL PURPOSES, OUTOKUMPU'S POTENTIAL EXPORTS TO US PROBABLY FAR EXCEED LEVELS FOR SHEET AND STRIP UNDER BASKET QUOTA FOR "OTHER" SUPPLIERS OF 2,600 TONS FROM 6/76 TO 6/77, 2,800 TONS FROM 6/77 TO 6/78, AND 2,900 TONS FROM 6/78 TO 6/79. WHILE IMPORT RELIEF PROGRAM PROVIDES FOR REALLOCATION OF LIKELY SHORTFALLS IN IMPORTS FROM JAPAN, EC, SWEDEN, AND CANADA TO OTHER SUPPLIERS, OUTOKUMPU OFFICIALS SEE NO REASON TO ANTICIPATE SHORTFALLS.

3. WITH THE TORNIO MILL NOT YET IN PRODUCTION INITIAL REACTION OF OUTOKUMPU AND GOF OFFICIALS TO IMPOSITION OF CONTROLS WAS PERHAPS NOT AS STRONG AS WOULD HAVE BEEN THE CASE HAD SALES BEEN AFFECTED IMMEDIATELY. HOWEVER, SENIOR OUTOKUMPU OFFICIALS IN DISCUSSIONS WITH AMBASSADOR AND ECON/COMM OFFICERS ARE INCREASINGLY VIGOROUS IN EXPRESSING CONCERN. THEY ARE WORRIED BOTH ABOUT THE IMPORT RELIEF MEASURE ANNOUNCED IN JUNE AND WHAT THEY SENSE AS RISK THAT OVER LONGER RUN OUTOKUMPU'S DEVELOPMENT OF STABLE SUPPLIER RELATIONS WITH AMERICAN USERS MAY BE JEOPARDIZED BY AN EXTENSION OR REINTRODUCTION OF CONTROLS. THEY ARE INTERESTED IN EXPLORING WHETHER STEPS MAY BE TAKEN AT GOVERNMENTAL LEVEL TO INSURE CONTINUING ACCESS TO AMERICAN MARKET.

4. IN THE LIGHT OF OUR SPECIAL POLICY INTEREST IN ENHANCING FINNISH ACCESS TO US AND OTHER WESTERN MARKETS, WE SHALL NEED TO EXAMINE WITH CARE ANY OPPORTUNITIES FOR STEPS THAT WOULD MITIGATE IMPACT OF OUR PROGRAM ON FINLAND. A MORE IMMEDIATE NEED OF THE EMBASSY, HOWEVER, IS FACTUAL INFORMATION ON THE PROGRAM AND WHATEVER JUDGMENTS MAY BE POSSIBLE NOW CONCERNING ITS DURATION. JORMA JAKKARAINEN, OUTOKUMPU DIRECTOR WHOSE RESPONSIBILITIES INCLUDE INTERNATIONAL SALES, HAS REQUESTED INFORMATION ABOUT SIZE OF QUOTA LIMITED OFFICIAL USE

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OPEN TO COMPETITION BY OUTOKUMPU, AND ABOUT ALLOCATION PROCEDURES. ACCORDINGLY, EMBASSY REQUESTS INFORMATION ON FOLLOWING:

A. WHETHER IN LIGHT OF ECONOMIC CONDITIONS AFFECTING RECOVERY OF DOMESTIC ECONOMY AND OTHER DEVELOPMENTS SINCE JUNE ANYTHING FURTHER CAN BE SAID CONCERNING (A) PROSPECTS FOR REDUCTION OR TERMINATION OF IMPORT RELIEF

AND (B) ANY POSSIBILITY OF EXTENSION BEYOND JUNE 1979,  
CONSISTENT WITH AUTHORITIES IN SECTION 203 OF TRADE  
ACT.

B. WHETHER IN LIGHT OF EXPERIENCE SINCE JUNE SHEET  
AND STRIP CONTINUES TO APPEAR THE CATEGORY IN WHICH  
LARGEST SHORTFALLS ARE LIKELY, AND WHETHER THERE  
IS ANY INDICATION OF TONNAGE MAGNITUDE OF PROSPECTIVE  
SHORTFALLS.

C. THE CHARACTER OF THE PROCEDURES FOR SELECTING  
SUPPLIERS IN THE "OTHER" CATEGORY AND FOR REALLOCATING  
SHORTFALLS. WE HAVE VIRTUALLY NO INFORMATION ON THESE  
PROCEDURES OTHER THAN REFS B AND C.

D. WHETHER AND WHEN SELECTED QUARTERLY DATA  
COMPILED UNDER THE MONITORING SYSTEM WILL BE SENT  
THE EMBASSY.

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## Message Attributes

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